

January 21, 1974

STATE OF SOUTH CAROLINA)
) BEFORE THE PUBLIC SERVICE COMMISSION
COUNTY OF RICHLAND)

IN RE: Petition of McClellanville Telephone) DOCKET NO. 16,983
 Company, Inc., requesting approval of)
 certain adjustments in its rates and) ORDER NO. 17,348 ✓
 charges.)

TO: McCLELLANVILLE TELEPHONE COMPANY, INC.

McClellanville Telephone Company, Inc., (hereinafter referred to as "McClellanville" or "the Company") filed with this Commission on August 23, 1973, proposed changes in its monthly rates and charges and miscellaneous non-recurring charges. The effect of the proposed increases would be to furnish McClellanville additional gross annual revenues of \$27,970 based on December 31, 1972, subscribers.

The Company proposes to eliminate zone charges for two-party subscribers, freeze its four-party service to existing subscribers at the present rates, offer only one and two-party service to new subscribers and phase out four-party offerings by the end of the year 1974. The Company also proposes certain changes in its depreciation rates.

The Commission examined the filing and ordered that a public hearing be held on December 19, 1973, for the purpose of determining the propriety and reasonableness of the proposed rates and charges.

Pursuant to notice duly given in accordance with provisions of law and Rules and Regulations of the Commission, a hearing was held on December 19, 1973, at which time all parties were heard. Appearances were entered by Baxter Kelley, III, Esq., on behalf of McClellanville; Honorable Dewey Wise, Esq., representing a group of protestants and M. John Bowen, Jr., Esq., representing the Attorney General and the public pursuant to §58-62 of the Code of Laws of South Carolina (1962).

At the commencement of the hearing, McClellanville submitted an affidavit of publication showing that Notice of Filing had been published in a newspaper of general circulation throughout its service area. All

parties were given an opportunity to present evidence and testimony either in support of or in opposition to the proposed rate adjustments.

THE COMPANY

McClellanville is a corporation organized and existing under laws in the State of South Carolina and is authorized by this Commission to provide telephone service to a portion of Charleston County from its two exchanges; namely, McClellanville and Awendaw.

The authorized capital stock of McClellanville is 550 shares at a par value of \$100. As of December 31, 1972, 550 shares were issued and outstanding and were reflected in the balance sheet at \$55,000.

An analysis of the financial exhibits submitted with the Petition shows that the Company has a deficit in its retained earnings from its previous operating experience.

FINANCING

McClellanville has received a loan commitment in the amount of \$500,000 from the Rural Electrification Administration. The new loan would be obtained through the Rural Telephone Bank at a rate of 5%. All prior loans were at the rate of 2%.

TESTIMONY

A witness for the Company testified at the hearing that the loan is contingent upon the approval of a rate adjustment by the South Carolina Public Service Commission sufficient to provide revenues to guarantee loan security. Further testimony was offered in support of the Petition.

Upon a thorough review of the testimony submitted by the Company and facts that were developed during cross examination, it became apparent that McClellanville's uncollectibles during the test period amounted to 6.02%. This Commission is cognizant of the fact that this is the highest percentage of uncollectibles of any telephone company under its jurisdiction.

The Commission is of the opinion that McClellanville should implement procedures that would produce a more realistic uncollectible percentage comparable to other telephone companies operating in South Carolina and by so doing can improve its earnings.

Witnesses for the opposition questioned the percentage of increase requested and also why the Extended Area Service to Charleston and surrounding towns should not be provided. The matter of Extended Area Service is not before the Commission in this proceeding, and the Commission has to concern itself with determining the reasonableness of the proposed rates.

FINDINGS AND CONCLUSIONS

Based on the Petition, the testimony and the Exhibits introduced, the Commission finds and concludes as follows:

1. That the proposed rates filed by McClellanville are excessive and therefore denied. The testimony indicates that certain rate relief should be granted, and the Commission finds that the rate schedule as follows should be approved to become effective on February 1, 1974:

APPROVED RATE SCHEDULE

<u>BASE RATE AND RECURRING CHARGES</u>	<u>MONTHLY RATE</u>
<u>Type Service</u>	
Business 1-Party	\$10.50
Business 2-Party	8.50
Residence 1-Party	7.50
Residence 2-Party	6.50
Paystation	10.50
Business Extension	2.00
Residence Extension	1.50
Jacks and Plugs	.25
Unlisted Numbers	1.00
<u>Zone Charges</u>	
Business 1-Party (Per Zone)	.75
Residence 1-Party (Per Zone)	.75
Business 2-Party	None
Residence 2-Party	None

(CONTINUED)

<u>MISCELLANEOUS RATES AND CHARGES</u> <u>(NON-RECURRING)</u>	<u>RATE</u>
<u>Service Installation and Connections</u>	
Business	\$12.00
Residence	10.00
<u>Relocation Moves and Changeouts</u>	
Business	12.00
Residence	10.00
<u>Reconnection After Disconnect For</u> <u>Non-Payment</u>	
Business	10.00
Residence	10.00
<u>Extension Installation</u>	
Business	8.00
Residence	6.00
<u>Miscellaneous</u>	
Extra Long Cord	8.00
Number Changed	10.00

2. That the proposed increase in zone charges for one-party business and residence should not be allowed as this would be an additional burden on the rural subscribers over and above the base rate being approved in this Order, and that the present zone charges for one-party business and residence are reasonable and adequate.

3. That the zone charges for two-party business and two-party residence be eliminated.

4. That the rate schedule approved herein will provide additional gross revenues of \$18,845 based on the test period 12 months ended December 31, 1972, and such additional revenues are well within the range of reasonableness and fairness that will permit the company to expand and provide adequate service.

5. That in determination of the additional revenues needed by McClellanville, the Commission has given consideration to the high percentage of uncollectibles.

6. That the Commission finds that the depreciation rates as shown below are reasonable and should be approved:

APPROVED DEPRECIATION RATES

<u>Plant</u>	<u>Depreciation Rates</u>
Buildings	3.0%
Central Office Equipment	4.5%
Trunk and Station Carrier and Other Electronic Equipment	10.0%
Station Apparatus	9.0%
Station Connections	13.0%
Buried Cable	4.5%
Office Furnishings and Equipment	10.0%
Vehicles	20.0%
Work Equipment	20.0%

ACCORDINGLY, IT IS ORDERED, ADJUDGED AND DECREED:

1. That the proposed rates are hereby denied.
2. That the rates and charges as set forth above, as found by the Commission to be fair and reasonable, are hereby approved to become effective February 1, 1974, with the stipulation that any existing four-party subscriber may retain such service at present rates or have the choice to upgrade to one-party or two-party service.
3. That the depreciation rates, as found by the Commission to be reasonable, are hereby approved and shall become effective for the calendar year 1974.
4. That McClellanville file with this Commission appropriate tariffs in accordance with the findings contained herein within sixty days after the date of this Order.
5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Director-Administrative Services

(SEAL)